

**IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF UTAH
CENTRAL DIVISION**

**JASON R. ANDERSON, an individual;
JACOB ANDERSON, an individual;
GORDON LARRY ANDERSON, an
individual; BUSINESS FUNDING
SOLUTIONS, LLC, a Utah limited liability
company; and PROFIT VAULT, LLC, a
Utah limited liability company,**

Plaintiffs,

v.

**DANIEL F. PUTNAM, an individual;
ANGEL A. RODRIGUEZ, an individual;
R&D GLOBAL, LLC, a Utah limited
liability corporation dba BITZOLKIN,
EYELINEBTC, BZLOGIN, GMM, and
EYELINE BUSINESS DEVELOPMENT;
and DOES 1 through 10,**

Defendants.

RULING & ORDER

Case No. 2:20-cv-00041

**United States District Court Robert J.
Shelby**

Magistrate Judge Dustin B. Pead

This case is before Magistrate Judge Dustin B. Pead pursuant to a 28 U.S.C. § 636(b)(1)(A) referral from District Court Judge Robert J. Shelby. (ECF No. 19.) At issue is Plaintiffs' Motion to Stay pending resolution of a related fraud action filed against Defendants by the U.S. Securities and Exchange Commission. (ECF No. 29.)

For the reasons set forth herein, Plaintiffs' Motion to Stay is granted.

BACKGROUND

On January 22, 2020, Plaintiffs Jason R. Anderson, Jacob Anderson, Gordon Larry Anderson, Business Funding Solutions, LLC and Profit Vault, LLC (collectively, "Plaintiffs") filed this action, for fraud and other related claims, against Defendants Daniel F. Putnam ("Mr.

Putnam”), Angel A. Rodriguez (“Mr. Rodriguez”), R&D Global, LLC (“R&D”) and various other dba’s of the Defendants (collectively, “Defendants”). (ECF No. 2.) The claims arise from a dispute surrounding a crypto-currency investment scheme under which Plaintiffs allege to have lost more than seven (7) million dollars.

On May 7, 2020, the SEC filed an action against Mr. Putam, Mr. Rodriguez and R&D along with an affiliated company, MMT Distribution, LLC, and Defendants’ business associate, Jean Paul Ramierez Rico. *See SEC v. Putnam et al.*, No. 2:20-cv-00301-DBB-DAO (D. Utah 2020) (the “SEC Action”). The SEC Action is currently pending before United States District Court Judge David Barlow. Similar to this case, the SEC Action alleges fraud related to the cryptocurrency investment plan operated by Defendants. On May 7, 2020 Judge Barlow entered an Order in the SEC Action freezing Defendants’ assets. (ECF No. 29-1, Exhibit 1; ECF No. 29-2.)

On July 14, 2020, counsel asked Plaintiffs to stay their action pending resolution of the SEC Action. (ECF No. 29-3.) Specifically, the SEC’s counsel stated:

The Commission is concerned that, without a stay in your matter, it may result in your ability to begin recover against Defendants’ assets in order to obtain the lion’s share of any potential recovery and take action to obtain control of assets that the SEC has yet to identify as a source of funds to repay investors should we prevail in our matter. Given the significant overlap in parties and facts amongst our matters, as well as the Commission’s interest to protect a larger group of interested investors, we respectfully request that you voluntarily stay your civil action pending the outcome of the pending Commission lawsuit, or until further order of the Court presiding over your action.

Id. In agreement with SEC’s counsel’s concerns about moving forward with both cases, Plaintiffs filed their pending Motion to Stay. (ECF No. 29.)

Defendants Mr. Putnam and R&D Global, LLC (“Putnam Defendants”) object to this court’s entry of a stay arguing the hardship to Defendants is significant and Plaintiffs should be required to fulfill their outstanding discovery obligations.¹ (ECF No. 34.)

STANDARD OF REVIEW

The trial court has discretion to grant or deny a stay of discovery in a civil action. *See Osborn v. Brown*, 2013 U.S. Dist. LEXIS 18813 *1 (D. Utah Feb. 11, 2013) (*citing Mid-Am.’s Process Serv. v. Ellison*, 767 F.2d 684, 687 (10th Cir. 1985)). When considering a motion to stay, the court “must weigh competing interests and maintain an even balance.” *Metric Constr. Co. v. Prof’l. Raingutter Servs., Inc.* 2007 U.S. Dist. LEXIS 85478 *5 (D. Utah Nov. 19, 2007) (internal quotation marks and citation omitted).

DISCUSSION

The Putnam Defendants assert that being allowed to move forward and “vigorously defend[] themselves” in this action will remedy the “stress[,]financial hardship[,] humiliation and embarrassment” caused by the lawsuit. Yet upon review, and given the interrelated nature of the underlying facts, claims and parties, the court finds that the competing interests weigh in favor of granting a stay. Indeed, the issuance of a stay in deference to the parallel SEC Action will prevent duplication of judicial resources, legal resources and avoid the possibility of inconsistent rulings. *See Earthgrains Baking Companies, Inc. v. Sycamore Family Bakery Inc.*, 2013 U.S. Dist. LEXIS 195224 *6 (D. Utah Dec. 20, 2013) (“[a] stay will avoid a duplication of effort, avoid the potential for inconsistent results, allow full fact and expert discovery as well as a complete resolution of the factual issues, and ensure adequate due process.”). Further, rather than dividing resources between two separate but parallel actions, a stay will allow the Putnam

¹ Defendant Rodriguez has not opposed the stay.

Defendants to vigorously defend themselves in the SEC Action while conducting any pending or necessary discovery in that forum.

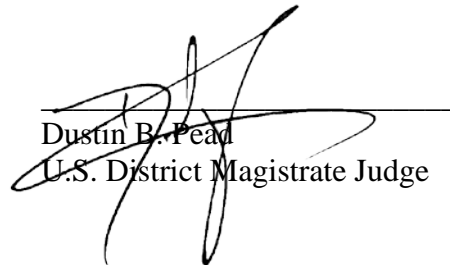
ORDER

Accordingly, Plaintiffs' Motion to Stay is GRANTED. (ECF No. 29.) Consistent therewith, this action shall be stayed pending the conclusion of the parallel SEC Action, or as lifted by further order of this court.

Defendants' Motion to Compel the Deposition of Gordon Anderson (ECF No. 30), Plaintiffs' Motion to Quash Putnam and R&D Global's Subpoenas Notice on July 21, 2020 (ECF No. 31) and Plaintiffs' Motion to Quash Putnam and R&D Global's Subpoenas Noticed on July 23, 2020 (ECF No. 32) are denied as moot. If appropriate, they may be re-filed once the stay is lifted.

DATED this 11th day of August 2020.

BY THE COURT:


Dustin B. Pead
U.S. District Magistrate Judge